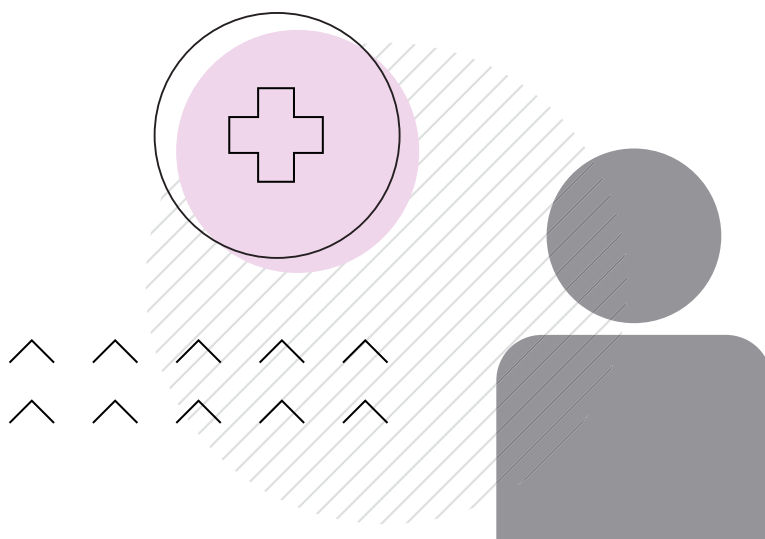


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Frequently Asked Questions: HSAs as Outside Accounts in Morningstar[®] Retirement ManagerSM



Morningstar® Retirement ManagerSM Health Savings Account (HSA) Feature Frequently Asked Questions

1

What is a Health Savings Account (HSA)?

A Health Savings Account (HSA) is a tax-advantaged savings account for those that are enrolled in a high-deductible health plan. Contributions to HSAs are either pre-tax (if through an employer) or tax-deductible. HSAs can help people pay for medical expenses, tax-free now and in retirement.

2

How does the guidance on outside accounts feature with HSAs work?

The guidance on outside accounts capability is designed to help your employees make investment decisions on retirement accounts they hold outside of their employer-sponsored plan. Because HSAs can be used to help fund healthcare expenses in retirement, Individual Coverage HSAs and Family Coverage HSAs can now be added as outside accounts in Morningstar Retirement Manager—meaning those accounts can now be factored into your employees' retirement strategies.

With this update, your employees can tell us about any HSAs they have specifically designated for covering healthcare costs in retirement. We then factor those accounts into their overall savings and investment strategy.

We can also provide asset class guidance to help them invest their HSA (and any other outside retirement accounts they tell us about), which your employees will have to apply themselves since we do not actively manage those accounts. If they leverage our investment guidance or make changes to investments, they should return to Morningstar Retirement Manager to confirm exactly how they've invested the account so that we have the most accurate information available.

If you'd like to learn more about the guidance on outside accounts feature, [read our FAQ](#).

3

How can HSA(s) be added to Morningstar Retirement Manager?

Your employees will follow an intuitive process to add their HSA(s) to Morningstar Retirement Manager.

To start, they'll navigate to the service through their plan provider's website as they normally do. When they get to the **Accounts/Expenses page** (the page with their account(s) shown in different tiles), they'll have an option to select **Add Other Retirement Income**.

From the list of account types that pop up, they'll select HSA, followed by the type of HSA they have—either individual or family coverage HSA.

Users will then be prompted to enter details about their HSA. In order to save the account to Morningstar Retirement Manager, they must at least share the account name, balance, and risk level or exact investment holdings. They can also tell us about any pretax contributions they're making to the account, or contributions being made by their employer.

Once all the information is entered, users will be able to see their HSA account saved in the **Accounts/Expenses page**.

4

How are HSA(s) incorporated into a participant's retirement strategy?

Once users have shared information about their HSA, the account will be factored into their retirement strategy in a few different ways, which they'll see reflected on the advice dashboard:

- ▶ **Overall savings:** Their HSA savings will be factored into the overall annual savings recommendation.
- ▶ **Asset class guidance:** Within our recommendations for their risk level, they'll see our asset class guidance for all the outside retirement accounts they've told us about, including HSAs. This guidance is designed to help them determine how to invest their savings in these other accounts.
- ▶ **Spending strategy:** For users who are age 50 and older, they'll see their HSA accounted for in their sustainable spend-down strategy for retirement.

5

Who has access to the HSA feature?

This feature is currently available to all users using the latest version of Morningstar Retirement Manager.

6

How often should participants return to the feature?

We recommend that participants return to Morningstar Retirement Manager each year or whenever they've had a material change in their financial situation to receive an updated strategy, including as soon as they make changes to their external HSA account. This helps ensure that our recommendations reflect their changing account balances, their investments, and any changes to their personal or financial situation.

7

What value does the feature have for participants?

With their tax savings features, Health Savings Accounts (HSAs) have become a popular vehicle to help people save for healthcare expenses they might have—both today and in retirement. Morningstar Retirement Manager users can now tell us about HSA(s) they have reserved for retirement, so we can factor those accounts into their overall savings and investment strategy.

Considering other accounts that your employees have earmarked for retirement, like an HSA, helps us gain a more holistic view of their current situation and future financial needs—which helps us further tailor their retirement strategy.

About Morningstar Investment Management LLC

Our parent company, Morningstar, Inc., was founded on the simple idea that when people have good investment information, they can make better choices that help them achieve their financial goals. In the retirement solutions group at Morningstar Investment Management LLC, a subsidiary of Morningstar, Inc. and a registered investment adviser, our advocacy for the individual investor extends to the workplace retirement market where the responsibility for investing and saving now rests with employees. We are committed to helping those individuals save for retirement by providing products and services that range from a managed accounts service to custom models to target-date products and fiduciary services.

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All investments involve risk, including the loss of principal. There can be no assurance that any financial strategy will be successful. Morningstar Investment Management does not guarantee that the results of their advice, recommendations or objectives of a strategy will be achieved.

Guidance is designed to give general asset class information to help you determine how to manage your accounts. It is provided as general and educational information only and is not intended to provide "investment advice" as defined by the Employee Retirement Income Security Act of 1974, as amended (ERISA). Guidance information should not be considered as advice to buy or sell a particular investment option. You are responsible for determining the suitability of any investment option for your own unique situation.

We consider "outside accounts" to be those accounts, other than your employer-sponsored retirement plan account, that you have set up for retirement savings. Morningstar Investment Management cannot monitor, review or update its suggestions or projections for outside accounts on an on-going basis, nor does it have the capability to monitor or review investment decisions you make in outside accounts. Because Morningstar Investment Management depends on the completeness, accuracy and timeliness of the outside account information provided, you are solely responsible for reviewing and updating your individual financial information. You are responsible for tracking your outside accounts and the market to be aware of any changes in the value of such outside accounts, and reporting that information to Morningstar Investment Management.

There is no fee to receive guidance on outside accounts, however, you should be aware that you could incur redemption fees, transaction costs, other security or account level charges and expenses, and/or tax consequences for the securities in your outside accounts. You should consult with a professional financial adviser or tax adviser if you have any questions prior to making any investment decisions.